



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

450 N STREET, SACRAMENTO, CALIFORNIA
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0092
916-324-1825 • FAX 916-322-4530
www.boe.ca.gov

BETTY T. YEE
First District, San Francisco

SEN. GEORGE RUNNER (Ret.)
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JOHN CHIANG
State Controller

February 20, 2014

VIA INTERNET

CYNTHIA BRIDGES
Executive Director

Dear Interested Party:

The Compliance Policy and Procedures Manual (CPPM) is a guide for the Board of Equalization (BOE) staff in administering tax and fee programs. It is available to the public and can be accessed from the BOE web page at <http://www.boe.ca.gov/sutax/staxmanuals.htm>.

The Sales and Use Tax Department (SUTD) is proposing to revise sections 505.115 through 505.140 of CPPM Chapter 5, *Returns*. The revisions incorporate and update current compliance policies and procedures. The revision material is provided on the following pages for the convenience of interested parties who may wish to submit comments or suggestions. Please feel free to publish this information on your website or otherwise distribute it to your association/members.

If you have any comments or suggestions related to the proposed CPPM revision, you may contact the BOE at CPPM.RevisionSuggestions@boe.ca.gov. Your comments or suggestions must be received by BOE no later than **April 21, 2014**, in order to be considered by staff. Thank you for your consideration.

Sincerely,

Susanne Buehler, Chief
Tax Policy Division
Sales and Use Tax Department

PAYMENT BY CREDIT CARD

505.115

~~The Credit Card Payment Program for Sales and Use Tax was implemented as a result of Assembly Bill 1374 (Statutes 1995, Chapter 926), which required all state agencies, with limited exceptions, on or before January 1, 1997, to accept payments made by a credit card or a payment device.~~

~~Program participation is voluntary. Making a credit card payment one month does not require a taxpayer to pay by credit card the following month.~~

~~Generally, Most taxpayers may use authorized can use a credit cards to make prepayments, and return payments, and payments towards an account balance on an account. This service is not available to taxpayers who pay by Electronic Fund Transfer (EFT) and have either on the following types of accounts:~~

- ~~• a Sales and/or Use Tax, account~~
- ~~• Prepayment of Sales Tax on Motor Vehicle Fuel Distributions (SG) account,~~
- ~~• Special Taxes and Fees, or~~
- ~~• Consumer Use Tax.~~

~~This payment method is also not available for accounts receivable liabilities, such as audit determinations or compliance assessments.~~

~~A list of authorized credit cards and their applicable service fees is available on the Board's BOE website at <http://www.boe.ca.gov/> underon "Electronic Services." the "Make a Payment" page. The service fee will be paid directly to the credit card processing vendor by the taxpayer and will not be seen on any IRIS screens since it is not revenue to the BOE.~~

~~Taxpayers who are required to pay by EFT should not pay by credit card as they will be subject to penalties. This is because the law specifically defines electronic funds transfer payments as those made by ACH Credit, ACH Debit, or Federal Reserve Wire Transfer.~~

~~Credit card payments can be made online or by using a touch-tone phone, and calling the appropriate toll-free. The number can be accessed from listed on the Board's website the "Make a Payment" page. In March 2000, the Board began accepting credit card payments over the Internet. Taxpayers can make a payment over the Internet by visiting the Board's website at www.boe.ca.gov under "Electronic Services." When using the Internet option the taxpayer will be routed provides a link to the credit card processing vendor's website.~~

~~If a taxpayer files a paper return, With the return or prepayment form provided, the taxpayer will should complete the payment transaction using one of the payment methods, and also mark the the box on the form indicating they have paid by credit card. Even though a taxpayer pays by credit card, the taxpayer must still complete and mail the paper the return or prepayment form filing timely.~~

~~A convenience fee of 2.5% of the transaction amount will be charged by the credit card processing vendor. The fee is subject to a \$1.00 minimum and is not revenue to the Board. The fee will be paid directly to the credit card processing vendor by the taxpayer and will not be seen on any IRIS screen.~~

RETURNS

For payments ~~above of~~ \$100,000 ~~or more~~, taxpayers ~~will need to both contact their credit card issuer for pre-approval and call the Board's~~ must call BOE's credit card processing vendor for assistance. The name and telephone number of ~~this the~~ vendor is on the Board's-BOE website. The taxpayer may also need to contact their credit card issuer for preapproval.

If the taxpayer sends a paper return in which the liability is \$15,000 ~~and over or more~~, and the taxpayer does not check the box on the return to indicate payment is by credit card, the Cashier Unit will process the return as ~~an non-remittance~~ (NR) or partial remittance (PR) and will provide notification to the district (via e-mail) that the taxpayer has not paid. Districts should review PAY BA for the credit card payment. If no payment is found and the taxpayer states that they paid by credit card, the district should contact RAS-the Return Analysis Unit to have the payment traced.

Although taxpayers must make eall the credit card payments through a processing vendor's ~~toll free number to make credit card payments~~, general questions regarding this program will be handled by the Customer and Taxpayer Services Division (CATS) BOE's Customer Service Center (CSC). ~~The current toll free number for CATS is on the Board's website.~~ Account specific inquiries regarding credit card payments will be referred to the Return Analysis Section (RAS) Support UnitReturn Analysis Unit or appropriate Special Taxes and Fees staff. General information and frequently asked questions can also be found on the Board's-BOE website ~~at www.boe.ea.gov.~~

SUPPLEMENTAL OR AMENDED RETURNS

505.120

Taxpayers should be instructed to file ~~supplemental or~~ amended returns when they discover an error was made on the return originally filed ~~for a period.~~ Whenever possible, Pphotocopies of original returns, or "Confirm Filing" pages for electronically filed returns and any applicable schedules, should be used. ~~Whenever possible with e~~Corrected figures should be entered to the side of the original figures in a different color than the original figures. A cover letter explaining the changes should be attached to the amended return and the notation "~~AMENDED RETURN-DO NOT PROCESS AS ORIGINAL~~" should be written on the ~~face of the return~~top of the document. If taxpayers are unable to obtain a copy of the original confirmation page or their original paper return, a return form obtained from the BOE website can be usedA new return without but must include the amended notation and a cover letter ~~should never be used.~~ If a new return is filed without indication that it is an amended return, it will be posted to IRIS as a duplicate or supplemental return, ~~not as an amended return.~~

ALTERATIONS OF RETURNS BY BOARD-BOE EMPLOYEES

505.130

Under no circumstances should a BoardBOE employee alter a return or any other form or document after it has been signed and delivered to the BoardBOE by the taxpayer.

RETURNS WITH PAYMENTS DIRECTED TO ANOTHER STATE OR NON-STATE AGENCY IN ERROR

505.140

Other state agencies sometimes receive remittances intended for the ~~Board~~ BOE and, conversely, ~~the Board~~ BOE may receive remittances actually intended for other state agencies. In both circumstances, the agency to whom the payment is misdirected will try to send the payment to the correct agency. ~~The Board~~ BOE will redirect all types of payments to the correct agency, including EFT and credit card payments. The amounts for misdirected EFT and credit card payments will be remitted to the correct agency by check.

Remittances intended for the ~~Board~~ BOE and ultimately received ~~by it after having been misdirected to~~ from another state agency will be regarded as timely if postmarked, or ~~if~~ received by the other state agency, on or before the due date of the tax. Under such circumstances, penalty and interest will not apply.

Payments received by non-state agencies (e.g. Internal Revenue Service) and private companies cannot reasonably be construed as payments made to the state. Therefore, even though the BOE may ultimately receive a misdirected payment from a non-state entity, a late payment is subject to penalty and interest even if it was received by the non-state entity prior to the due date of the payment. However, a person may be relieved of the penalties pursuant to RTC 6592, or the similar law section for Special Taxes and Fees programs, if all requirements set forth in this statute are met.